

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 /036 R

DRAFTED BY EB/OA/AN:WARILEY:JG
APPROVED BY EB/OA/AN:RABROWN
EUR/EE:SFROMOWITZ
CAB:DLITTON
DOT:JDEJONES
EB/OA:MHSTYLES
-----103289 290316Z /62
R 281914Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY BUCHAREST

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E.O. 11652: N/A

TAGS: EAIR, RO

SUBJECT: CIVAIR: US-ROMANIA NEGOTIATIONS

1. SUMMARY: US AND ROMANIAN DELEGATIONS REACHED AD
REFERENDUM AGREEMENT AND SIGNED MOU ON APRIL 26 RECOMMENDING
TO THEIR RESPECTIVE GOVERNMENTS THAT THE EXPIRED AIR
TRANSPORT AGREEMENT BE RENEWED BY AN EXCHANGE OF DIPLOMATIC
NOTES FOR TWO YEARS SUBJECT TO REVIEW AFTER ONE YEAR OF
PERFORMANCE CONDITIONS FOR THE ROMANIAN SIDE. STATUS QUO
ON FREQUENCIES, ROUTES AND CHARTERS REMAINS FOR TAROM
AND PAN AM. ROMANIAN SIDE AGREED TO EXTEND PAN AM-TAROM
SALES ARRANGEMENT OF JANUARY 26, 1977 FOR TWO YEAR LIFE
OF BILATERAL. END SUMMARY.

2. US AND ROMANIAN DELEGATIONS LED BY ROBERT A. BROWN,
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CHIEF, AVIATION NEGOTIATIONS DIVISION, STATE, AND
AMBASSADOR NICOLAE M. NICOLAE, RESPECTIVELY, MET IN
WASHINGTON APRIL 17-26 TO DISCUSS RENEWAL OF AIR TRANSPORT
AGREEMENT (ATA) OF 1973 WHICH EXPIRED ON MARCH 31, 1977.
THE ROMANIAN SIDE UNREALISTICALLY PRESSED FOR REVISION OF
THE ATA WHICH WOULD ACHIEVE "PARITY" WITH US AIRLINE'S

RIGHTS IN ROMANIA. ROMANIANDEL ASKED FOR ADDITIONAL FREQUENCIES, MORE INTERMEDIATE POINTS AND POINTS BEYOND AS WELL AS ADDITIONAL POINTS IN THE UNITED STATES.

3. US DEL EXPLAINED REPEATEDLY THAT TAROM WAS BENEFICIARY OF ACCESS TO OPEN US MARKET AND OUTCARRIED US AIRLINES IN BOTH CHARTERS AND SCHEDULED PASSENGERS BY SUBSTANTIAL MARGINS. US AIRLINES WERE SUBJECT TO ROMANIAN CONTROLS WHICH PREVENTED FREELY COMPETITIVE SALE " US SERVICES IN ROMANIA, BECAUSE OF CURRENCY RESTRICTIONS, ETC, AND, IN US, BECAUSE OF DIFFICULTY IN ARRANGING COLATERAL SERVICES IN ROMANIA SUCH AS HOTELS, GROUND TRANSPORT, ETC. GIVEN THE INEQUITY IN MARKET ACCESS DUE TO THE INHERENT DIFFERENCES IN ECONOMIC STRUCTURES, US DEL ARGUED THAT BILATERAL AGREEMENT HAD TO REFLECT THE PRACTICAL EFFECT OF THESE DIFFERENCES. THUS, US DEL REFUSED TO MODIFY NUMBER OF FREQUENCIES ALLOWED TAROM OR TO INCREASE INTERMEDIATE POINTS, BEYONDS OR NUMBER OF CHARTERS PERMITTED WITHOUT PRIOR APPROVAL BY CAB.

4. VALUE OF US MARKET TO TAROM WAS CLEARLY DEMONSTRATED THROUGHOUT TALKS BY DISCOMFORT WITH WHICH ROMANIANDEL CONSIDERED US PROPOSAL TO REQUIRE TAROM TO USE PAN AM AS MANDATORY GENERAL SALES AGENT IN UNITED STATES. US DEL USED THREAT OF MANDATORY GSA EFFECTIVELY THROUGHOUT LIMITED OFFICIAL USE

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NEGOTIATION BUT DID NOT INSIST ON IMPOSING IT ON TAROM.

5. US DEL EXPRESSED DISSATISFACTION WITH TAROM PERFORMANCE OVER PAST SEVERAL YEARS AND INSISTED THAT RENEWAL OF ATA BE CONDITIONED IN SUCH A WAY THAT ROMANIAN SIDE HAD TO PROVIDE BETTER PERFORMANCE OR BE SUBJECT TO PENALTIES. AS FINALLY AGREED BY BOTH DELS TAROM MUST: EFFECTIVELY REPRESENT PAN AM IN BUCHAREST AND CONTINUE TO SELL AT LEAST 50 PERCENT OF THE ROMANIAN ORIGIN MARKET FOR PAN AM; AND, APPOINT PAN AM AS ITS GROUND HANDLING AGENT IN THE UNITED STATES. IF ROMANIAN SALES FOR ANY QUARTER ARE LESS THAN THE AGREED AMOUNT, THE US MAY CALL FOR CONSULTATIONS AND IF THE APPROPRIATE ADJUSTMENTS CANNOT BE MADE MAY TERMINATE THE AGREEMENT WITH 60 DAYS NOTICE.

6. THE ROMANIAN DEL AGREED THAT ITS AGENCIES AND AUTHORITIES WOULD INSURE THAT GROUND SERVICES, ACCOMMODATIONS AND TRAVEL SUPPORT FACILITIES WOULD BE MADE

AVAILABLE TO ALL US AIRLINES (SCHEDULED AND SUPPLEMENTAL) WITHOUT DISCRIMINATION AND ON THE SAME BASIS AS GRANTED

TO TAROM. FOR ITS PART, THE US DEL AGREED TO FAVORABLY
CONSIDER FUTURE ROMANIAN REQUESTS FOR ADDITIONAL CHARTERS
AND/OR SCHEDULED SERVICES ON THE BASIS OF COMITY AND
RECIPROCITY AND AFTER REVIEW OF THE PERFORMANCE CRITERIA
SPELLED OUT IN THE MOU. ROMANANDEL REFUSED TO GIVE
WRITTEN ASSURANCES ON EXEMPTION OF PAN AM TO DECREE 81
BUT VERBALLY ASSURED US DEL THAT AIRLINE WOULD NOT COME
UNDER DECREE.

7. COPY OF MOU AND LETTER DEALING WITH PAN AM EXEMPTION
FROM DECREE 81 SENT BY POUCH. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIR TRANSPORTATION, MEETING REPORTS, REFERENDUMS, TREATY ENTRY INTO FORCE, DIPLOMATIC NOTES
Control Number: n/a
Copy: SINGLE
Draft Date: 28 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE108925
Document Source: CORE
Document Unique ID: 00
Drafter: WARILEY:JG
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780183-0346
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978044/aaaaacpc.tel
Line Count: 126
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7d5301ab-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2915960
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: US-ROMANIA NEGOTIATIONS
TAGS: EAIR, RO
To: BUCHAREST
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7d5301ab-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014